

Supplement, Not Supplant

Revised Guidance May 11, 2007

GENERAL BACKGROUND: The “supplement, not supplant” requirement ensures that children participating in Title I programs receive their fair share of services from state and local funds. Section 1120A of the statute requires that the SEA (the Indiana Department of Education) and LEA (local school corporation or charter school) use federal funds received under Title I only to *supplement* the amount of funds available from nonfederal sources for the education of students participating in Title I. The SEA and LEA *cannot use* these federal funds to *supplant* (take the place of) funds that *would, in the absence of Title I funds, have been spent* on Title I students.

- In a Title I targeted assistance school (generally, a school with less than 40% poverty), additional programmatic services must be provided to identified Title I students (i.e., those failing or those most at risk of failing to meet state academic standards).
- In a Title I schoolwide program school (a school with 40% or more poverty and an SEA-approved schoolwide plan), since all students are eligible, assuring that federal funds are supplemental to state and local funds is accomplished through fiscal analysis, such as determinations of “comparability.”

PRESUMPTION OF SUPPLANTING: (OMB Circular A-133, *Compliance Supplement*, used by State Board of Accounts and Office of Inspector General auditors): There are three flags in “supplement, not supplant” where there is a presumption of supplanting, unless some other information is provided (see “Exclusions” below). **Supplanting has likely occurred if:**

- 1) Title I funds are used to provide services that are **required** to be made available **under other federal, state, or local laws** (e.g., Title I funds cannot be used take the place of services required for students with disabilities or limited English proficient students. Title I funds may be used to coordinate or supplement those services, but not supplant them.).
- 2) Title I funds are used to provide services that were **provided with nonfederal funds in the prior year**.
 - ▶ Presumptions of supplanting are refutable if the SEA or LEA can demonstrate that it would not have provided the services in question with non-federal funds had the Title I funding not been available (*i.e., what would have happened in the absence of the Title I funds?*)
- 3) Title I funds are used to provide services to Title I eligible students while those same services are **provided to non-Title I students with non-federal funds** (e.g., pay for full-day kindergarten with Title I funds in Title I schools while providing full-day kindergarten in non-Title I schools with other state and local funds).
 - ▶ 34 C.F.R. Sec. 200.79 of the Title I regulations allow certain programs to be *excluded* from the supplanting analysis. For example: A school district may exclude supplemental state and local funds expended in any school, for programs that are **Title I-like** in nature. In other words, the program meets the intent and purposes of Title I (i.e., students meet the Title I eligibility criteria; funds used to provide services to non-Title I schools are supplemental state or local funds; and the program’s effectiveness is evaluated under the state’s assessment system).

Supplement Not Supplant
as it relates to
Title I-Funded Extended-Day/Full-Day Kindergarten

Question 1: *May Title I funds be used to pay for Title I students' participation in an extended-day kindergarten program?*

Response: Yes, in an additional-time model. For example, the district provides morning instruction through state and local general fund dollars to all students – including Title I-eligible students. Students identified as most in academic need are then served in the afternoon through Title I funds by an appropriately licensed teacher. The teacher may be the same individual who teaches kindergarten in the corporation's regular kindergarten program, with Title I funding the second half of the teacher's day and salary. This model meets the federal supplement, not supplant test since Title I-eligible students are receiving services above and beyond those entitled to and provided by the corporation to *all* students.

The class size of the extended-day Title I program cannot be larger than the class teacher-student ratio of the corporation's general fund kindergarten program. In fact, since *all* participants in the extended-day Title I program will be students in greatest academic need, it is strongly recommended that its class size be smaller (or that additional staff, such as highly-qualified Title I paraprofessionals assist the Title I-funded teacher).

Question 2: *May the school corporation or charter school use state and local general fund dollars to pay for non-Title I students' participation in extended-day/full-day kindergarten?*

Response: Obviously, the school corporation or charter school may use state and local general fund dollars to pay for *all* students (including Title I-eligible students) in extended-day/full-day kindergarten programs. It **may not** provide full-day K for non-eligible Title I students through state and local funds while federal funds are used to provide full-day K for Title I-eligible students. (This is true *within a single* Title I school, or across the district *among Title I and non-Title I* schools.) To do so would violate the supplanting provisions of section 1120A(b) whereby the school corporation or charter school may not use federal funds to provide services that they provided with non-federal funds for non-participating Title I students.

Question 3: *If the school corporation's or charter school's Title I schools are Targeted Assistance Programs and the district wants to serve all students in full-day kindergarten programs, are there other federal funds available to support the program?*

Response: There is a *federal* funding source that could be used for the non-Title I eligible students and *not* be in violation of supplement, not supplant: **Title V, Part A**. Furthermore, under NCLB's transferability provision, the district may transfer up to 50 percent of its Title II, Part A; Title II, Part D; and Title IV, Part A funds into Title V, Part A.¹ (*Note, however, that districts in LEA Improvement status are limited to only transferring up to 30 percent of those program funds into Title V.*) Once transferred, the dollars become Title V funds and may be used for purposes allowed under Title V, Part A. If Title I funds provide the extended-day expenses for Title I-eligible students, Title V could fund the extended-day expenses for non-Title I eligible students. It is important to understand that Title V is the sole funding source that may be used to serve non-eligible Title I students – while Title I funds are used for Title I-eligible students – and not violate the federal supplement, not supplant provisions.

Districts wishing to pursue this option should seek state Title I office approval prior to employing this strategy.

Q4 revised May 2007 to provide expanded guidance and an alternate “fair-share” model.

Question 4: *Are there circumstances whereby a school corporation or charter school may use a combination of state grant FDK funds and federal Title funds to offer full-day kindergarten programs?*

Response: Yes, in certain circumstances. As a general rule, Title I funds cannot be used to provide services to Title I-eligible students while those same services are provided to non-Title I students with state and local funds – including state grant FDK funds. To do so violates federal supplanting provisions. However, the district's use of one of two methods described below may be employed to demonstrate compliance with the federal supplement, not supplant provisions: (1) the traditional “Title I-like” model; or (2) an alternate “fair-share” model.

Traditional “Title I-like” Model

If the school corporation or the charter school opts to use both state and federal funds to provide the FDK program, this model requires that all students participating through these funds be identified as educationally at-risk. This model does not violate the Title I supplanting provision since, in essence, it requires that *both* funding sources operate “like” Title I. It is based on the federal “exclusion model” permitted under section 1120A(d) of NCLB. Through a Title I-like model:

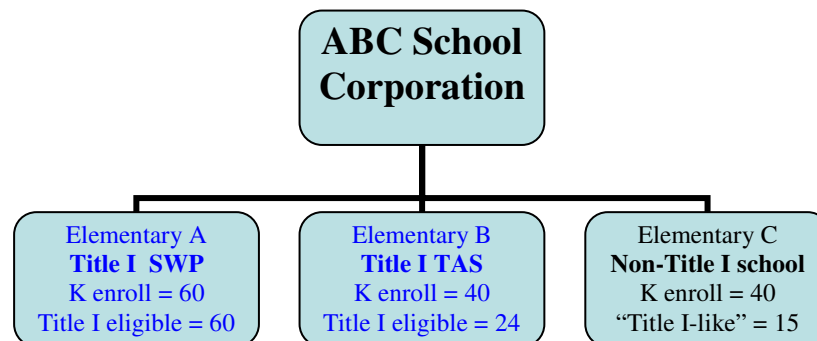
- The corporation could use Title I funds in Title I schools to provide FDK for Title I-eligible students, i.e., those educationally at-risk, and use state

¹ **Title II, Part A:** Teacher and Principal Training and Recruiting Fund; **Title II, Part D:** Enhancing Education through Technology State Grants; **Title IV, Part A:** Safe and Drug-Free Schools and Communities; **Title V, Part A:** Innovative Programs State Grants (funding to support a broad range of high-quality programs to improve academic achievement, the quality of education for students, teacher quality, and school performance)

- grant FDK funds in non-Title I schools to provide FDK for “Title I-like” eligible students, i.e., those students who are educationally at-risk.
- Students who are not educationally at-risk would not be eligible for FDK funded through the state grant or the federal Title I dollars.
- Parent fees could be used to fund the “ineligible” students. Use of state and local general fund dollars to serve “ineligible” students is prohibited since doing so would violate federal supplanting provisions.

In the example below, a school corporation has three elementary schools serving students in Grades K-5. Two elementary schools receive Title I funding; the third elementary does not qualify for Title I funds.

- Elementary A is a Title I *schoolwide* program (SWP) by virtue of its poverty rate ≥ 40 percent and a state-approved SWP plan. In a SWP, *all* students are eligible for Title I.
- Elementary B is a Title I *targeted assistance* school (TAS). In a TAS school only *targeted* students are eligible for Title I services. Student eligibility is based on academic need as determined by multiple, educationally-related criteria (e.g., for Grade K: teacher judgment and a developmentally appropriate measure). Based on student selection criteria, students identified as educationally at-risk are eligible for Title I.
- Elementary C is not eligible for Title I services.



In this school corporation, one-half of the day would be supported by tuition support (state and local general fund dollars). All students served through the federal and state grant FDK funds during the second half of the day must be identified as educationally at-risk:

- Elementary A: As a Title I schoolwide program, all 60 of the 60 kindergarten students are considered educationally at-risk and may be funded through Title I funds.
- Elementary B: As a Title I targeted assistance school, 24 of the 40 kindergarten students may be funded through Title I. The remaining 16 students who are not educationally at-risk would not be eligible for FDK funded through the state grant or the federal Title I dollars since doing so would violate federal supplanting provisions. Parent fees could be used to fund the 16 “ineligible” students.

- Elementary C: Although not a Title I-eligible school, under this model, students who are “Title I-like” would be identified as eligible for funding via the FDK state grant dollars. In this school, 15 of the 40 kindergarten students are educationally at-risk and would be funded through the state grant funds. The remaining 25 “ineligible” students, i.e., not educationally at-risk, could participate through parent fees. Use of state and local general fund dollars to serve ineligible students is prohibited since doing so violates federal supplanting provisions.

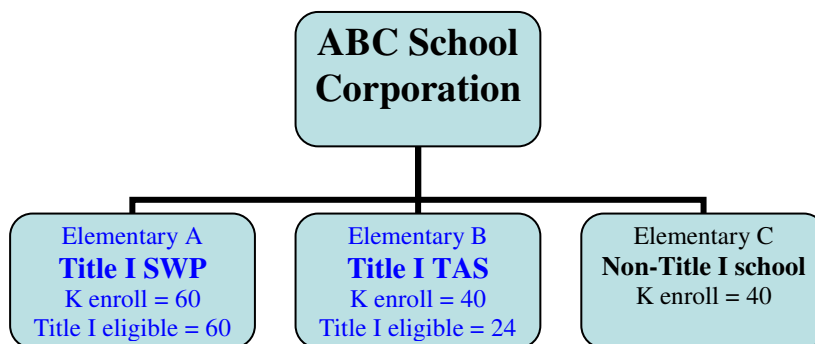
Although the various funding sources would need to be assigned fund numbers and tracked separately, students participating in FDK programs are not grouped according to funding source.

Alternate “Fair-Share” Model

This model assumes that state grant FDK funds are insufficient to fully-fund FDK for all students within the school corporation or charter school desiring FDK. If a school corporation decides not to operate a “Title I-like” program, it must first distribute the state FDK grant money equally across schools and students – including Title I schools. For a given FDK classroom, one-half of the day would be supported by tuition support (state and local general fund dollars). The costs for *part* of the second half of the day would be supported by the state FDK grant. For Title I students, Title I funds theoretically then could be used to support the residual (remaining) costs of the second half of the day. The following fair share calculation must be made on a *school-by-school* basis:

- (1) Compute the costs for the second half-day (salary, fringe, other)
- (2) Subtract FDK grant money (per pupil amount times number of pupils)
- (3) Divide remainder by number of pupils. This is the residual, per pupil cost for the second half of the day.
- (4) Multiply the Step 3 result by the number of Title I pupils. This is the amount of Title I money that could be used.

In the example below, a school corporation has three elementary schools serving students in Grades K-5. Two elementary schools receive Title I funding; the third elementary does not qualify for Title I funds. One Title I school is an approved schoolwide program; the second Title I school is a targeted assistance school program.



Calculations for the Fair-Share Model must be applied on a school-by-school basis. For purposes of this example, state grant FDK funds have been calculated at \$1,000 per pupil.

Elementary A: The school corporation intends to fund FDK for three sections of kindergarten in this school (20 students per class for a total of 60 students).

- (1) Calculate the costs for the second half-day: \$33,000 times 3 sections of K = \$99,000.
- (2) Subtract state grant FDK funds (e.g., the per pupil amount of \$1,000 times 60 students = \$60,000). Therefore, \$99,000 minus \$60,000 = residual (remaining) costs of \$39,000.
- (3) Divide the remainder by the number of pupils. This is the residual per pupil cost for the second half of the day. \$39,000 divided by 60 students = \$650 per pupil residual costs.
- (4) Multiply the Step 3 result by the number of Title I pupils. This is the amount of Title I money that could be used. (\$650 times 60 = \$39,000.) Since Elementary A is a Title I schoolwide program, all 60 kindergarten students are eligible for Title I and, therefore, Title I may supplement the state grant FDK funds for the entire residual amount of \$39,000.

Elementary B: The school corporation intends to fund FDK for two sections of kindergarten in this school (20 students per class for a total of 40 students).

- (1) Calculate the costs for the second half-day: \$40,000 times 2 sections of kindergarten = \$80,000. *Note: Due to various salary levels of instructional staff, costs may vary from school to school.*
- (2) Subtract state grant FDK funds (e.g., the per pupil amount of \$1,000 times 40 students = \$40,000). Therefore, \$80,000 minus \$40,000 = residual (remaining) costs of \$40,000.
- (3) Divide the remainder by the number of pupils. This is the residual per pupil cost for the second half of the day. \$40,000 divided by 40 students = \$1,000 per pupil residual costs.
- (4) Multiply the Step 3 result by the number of Title I pupils (24). This is the amount of Title I money that could be used. (\$1,000 times 24 = \$24,000.) Since Elementary B is a Title I targeted assistance school, only educationally at-risk students are eligible for Title I. In this school, 24 of the 40 kindergarten

students are eligible for Title I and, therefore, Title I may supplement the state grant FDK funds for \$24,000 of the remaining \$40,000 costs.

- (5) For students not eligible for Title I, parent fees could be used to support the costs of “ineligible” students (i.e., \$16,000 divided by 16 “ineligible” students = \$1,000 per pupil). It is important to note that since Title I funds are used, general fund monies cannot be used for “ineligible” students without violating federal supplanting requirements.

Elementary C: The school corporation intends to fund FDK for two sections of kindergarten (20 students per class for a total of 40 students).

- (1) Calculate the costs for the second half-day: \$40,000 times 2 sections of kindergarten = \$80,000.
- (2) Subtract state grant FDK funds (e.g., the per pupil amount of \$1,000 times 40 students = \$40,000). Therefore, \$80,000 minus \$40,000 = residual (remaining) costs of \$40,000.
- (3) Divide the remainder by the number of pupils. This is the residual per pupil cost for the second half of the day. \$40,000 divided by 40 students = \$1,000 per pupil residual costs.
- (4) Multiply the Step 3 result by the number of Title I pupils. Since Elementary C is not served by Title I, no Title I funds may contribute to funding FDK in this school.
- (5) Although this school is not using Title I funds to support FDK, the school corporation *is* using Title I funds in some of its elementary schools. Therefore, using general fund dollars to pay the remaining \$40,000 residual costs is prohibited in this school corporation, since doing so would violate federal supplanting provisions. Parent fees could be used to support these costs (\$40,000 divided by 40 students = \$1,000 per pupil).

Question 5: *May Title I pay extended-day kindergarten costs for Title I eligible students, while parent contributions pay for non-Title I students?*

Response: According to U.S. Department of Education officials, Title I could be used to pay for extended-day kindergarten for eligible children in and from Title I schools. So long as non-Title I students paid for the same program that was being provided with Title I funds to the Title students at no cost to those children, the federal officials do not view this as a supplanting issue.

Parent fees must:

- not be commingled with federal funds;
- be assigned a fund number; and
- be tracked separately.

Question 6: *May Title I pay extended-day kindergarten costs for Title I eligible students, while the school corporation or charter school funds extended-day “child-care programs” for students ineligible for Title I services?*

This is permissible so long as the child-care program is, in fact, a child-care program and not a kindergarten program under a different designation. If the corporation-funded program is a kindergarten program, this likely would be viewed as impermissible use of federal funds to supplant state funds. School corporations and charter schools are not permitted to operate a Title I-funded extended-day kindergarten program and a child-care program in the same room (i.e., are not permitted to combine staff or resources).